

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 1529 – HB 2010**

April 13, 2011

**SUMMARY OF AMENDMENT (005944):** Deletes the original bill. Expands the meaning of academic year, for the purpose of the Hope Scholarship Program, to include summer semesters. Establishes a 120 credit-hour cap on receipt of the Hope Scholarship award applicable to those recipients who first receive the award for the fall semester of 2010, and who are pursuing degrees that require 120 credit-hours or less. For recipients pursuing degrees that require more than 120 credit-hours, the cap on receipt of the Hope Scholarship award will be 136 credit-hours. Makes similar changes to the terminating events for nontraditional Hope Scholarship recipients and Hope Access Grant recipients. Requires Hope Scholarship awards to be allocated equally between each semester of the academic year, including summer semesters.

**FISCAL IMPACT OF ORIGINAL BILL:**

NOT SIGNIFICANT

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures –**

**\$22,672,600/FY11-12/Lottery for Education Account**

**Net Impact - \$22,581,000/FY12-13/Lottery for Education Account**

**Net Impact - \$10,544,300/FY13-14/Lottery for Education Account**

**Decrease State Expenditures – Net Impact –**

**\$456,200/FY14-15 and Subsequent Years/Lottery for Education  
Account**

**Assumptions applied to amendment:**

- The Tennessee Student Assistance Corporation (TSAC) estimates a recurring cost of \$22,672,600 per year for implementing summer school semesters into the lottery scholarship program. This increase in state expenditures will be paid from the Lottery for Education Account (LFEA).

**SB 1529 – HB 2010**

- TSAC estimates cost savings as a result of establishing a 120 credit-hour cap for students pursuing degrees that require 120 credit-hours or less. TSAC indicates no cost savings will occur in FY11-12. However, cost savings are estimated to be \$96,400, \$12,766,600, and \$24,346,100 in FY12-13, FY13-14, and FY14-15, respectively. Beginning in FY15-16 and in subsequent years, the recurring decrease in state expenditures from the LFEA will be \$24,346,100.
- TSAC estimates at least five percent of students will pursue degrees that require more than 120 credit-hours. As a result, TSAC indicates increased expenditures from the LFEA. TSAC indicates no additional expenditures will occur in FY11-12. However, increased expenditures are estimated to be \$4,800, \$638,300, and \$1,217,300 for FY12-13, FY13-14, and FY14-15 respectively. Beginning in FY15-16 and in subsequent years, the recurring increase in state expenditures from the LFEA will be \$1,217,300.
- The increase in state expenditures from the LFEA will be \$22,672,600 in FY11-12.
- The net increase in state expenditures from the LFEA will be \$22,581,000 ( $\$22,672,600 - \$96,400 + \$4,800$ ) in FY12-13.
- The net increase in state expenditures from the LFEA will be \$10,544,300 ( $\$22,672,600 - \$12,766,600 + \$638,300$ ) in FY13-14.
- The net decrease in state expenditures from the LFEA will be \$456,200 ( $\$22,672,600 - \$24,346,100 + \$1,217,300$ ) in FY14-15 and subsequent years.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc